

CONFIDENTIAL

EXCISE

D14

PAGE:1193

INQUIRE=DOC15D
ITEM NO=00103957

ENVELOPE

CDSN = LGX594 MCN = 91195/04434 TOR = 911950843
RTTCZYUW RUEKJCS1786 1950842-CCCC--RUEALGX.
ZNY CCCCC

HEADER

R 140842Z JUL 91
FM JOINT STAFF WASHINGTON DC
INFO RUEADWD/OCSA WASHINGTON DC
RUENAAA/CNO WASHINGTON DC
RUEADWD/PTC WASH DC
RUSNNOA/USCINCEUR VAIHINGEN GE
RUFGAID/USEUCOM AIDES VAIHINGEN GE
RUEKCCG/USDP-CCC WASHINGTON DC
RUEOFAA/COMJSOC FT BRAGG NC//J2//
RUCQVAB/USCINCSOC INTEL OPS CEN MACDILL AFB FL
RUCJACC/USCINCCENT MACDILL AFB FL//CARA//
RUWSMXI/MAC INTEL CEN SCOTT AFB IL//IN//
RUEOACC/CDRPSYOP GP FT BRAGG NC//ASOF-POG-SB//
RHCGRB/COMUSARCENT FT MCPHERSON GA//AFR SO//
RUEALGX/SAFE

R 140711Z JUL 91
FM AMEMBASSY DOHA
TO RUEHC/SECSTATE WASHDC 3345
INFO RUFHAD/AMEMBASSY ABU DHABI 8518
RUEHKU/AMEMBASSY KUWAIT 6622
RUEHMA/AMEMBASSY MANAMA 8376
RUFHMS/AMEMBASSY MUSCAT 7227
RUEHRH/AMEMBASSY RIYADH 6779
RUEHDH/AMCONSUL DHAHRAN 3905
RUEHJI/AMCONSUL JEDDAH 5501
RUEHIL/AMEMBASSY ISLAMABAD 0451
RUEHKP/AMCONSUL KARACHI 2240
RUFHLD/AMEMBASSY LONDON 1642
RUFHFR/AMEMBASSY PARIS 1155
RUEATRS/TRSYDEPT WASHDC
RUCPDC/USDOC WASHDC
BT

CONTROLS

C O N F I D E N T I A L DOHA 01786

E.O. 12356: DECL: N/A

BODY

TAGS: EFIN, ECON, TC, UK, Q.
SUBJECT: QATAR NATIONAL BANK HEAD COMMENTS ON
- UK'S CRACKDOWN ON BCCI

REF: (A) ABU DHABI 4423 (B) DOHA 1785

1. CONFIDENTIAL - ENTIRE TEXT.

CONFIDENTIAL

DEPARTMENT OF STATE

IS/FPC/CDR

Date

DRP 9/8/94

() RELEASE () DECLASSIFY
☒ EXCISE ☒ DECLASSIFY
() DENY IN PART
() DELETE Non-Responsive Info
FOIA Exemptions B1
PA Exemptions

MR Cases Only:
EO Citation

TS authority
() CLASSIFY as () S or () C OAD
() DOWNGRADE TS to () S or () C OAD

CONFIDENTIAL

PAGE:1194

B1

2. SUMMARY:

QNB HAD NOTHING IN BCCI AND IS UNHURT BY BCCI'S RECENT DRAMATIC CLOSURE. HE ACCUSED BRITISH AUTHORITIES OF ACTING PRECIPITOUSLY AND UNWISELY, AND HE STATED THAT ABU DHABI'S RULER SHOULD NOT HAVE INJECTED CAPITAL INTO BCCI PREVIOUSLY AND OUGHT NOT TO DO SO NOW. EN- SUMMARY.

3.

OFF

QATAR NATIONAL

STATED THAT QNB HAD "NOTHING" WITH THE RECENTLY-CLOSED BANK OF CREDIT AND COMMERCE INTERNATIONAL (BCCI); IN FACT, HE SAID, BCCI HAD A DEPOSIT WITH QNB, AVAILABLE TO BCCI CREDITORS.

B1

B1

B1

B1

4. COMMENTING THAT NO BANK WHICH WAS NOT BACKED BY A SOLID LENDER OF LAST RESORT COULD BE CONSIDERED "A REAL BANK", MADE IT CLEAR THAT HE HAD NEVER THOUGHT HIGHLY OF BCCI, WHICH WAS BASED IN TINY LUXEMBOURG.

B1

B1

C
CC

5. DESPITE DIEDAIN FOR BCCI, HE WAS SHARPLY CRITICAL OF BRITISH AUTHORITIES FOR BOTH THEIR INITIALLY LAX SUPERVISION OF BCCI AND THEIR PRECIPITOUS CLOSURE OF THE BANK. HE SAID THAT FROM EXPERIENCE WITH THE BRITISH - "THEY WANT TO SEE EVERY SINGLE PIECE OF PAPER" - BRITISH BANKING EXAMINERS SHOULD LONG AGO HAVE BEEN AWARE OF BCCI'S PROBLEMS AND SHOULD HAVE BEEN TAKING THE NECESSARY ACTIONS.

B1

B1

6. CLOSING BCCI WAS A GRAVE ERROR, BECAUSE IT DESTROYED THE VALUE OF MOST OF THE BANK'S ASSETS. WHEN YOU CLOSE A BANK, HE SAID, YOU ARE LUCKY TO GET TEN CENTS ON THE DOLLAR. IT WOULD HAVE BEEN FAR BETTER, HE SAID, IF, RATHER THAN CLAMPING DOWN AS THEY DID AND FORCING THE BANK INTO BANKRUPTCY, THE BRITISH AUTHORITIES HAD IMPOSED STRONG RESTRICTIONS AND REQUIREMENTS ON THE BANK AND EASED IT OUT OF BUSINESS IN AN ORDERLY FASHION WHICH PRESERVED ASSETS.

B1

7. IF HE WERE ABU DHABI'S RULER SHAIKH ZAYED (OWNER, TOGETHER WITH OTHER ABU DHABI SHAIKHS, OF A REPUTED 77-PLUS PERCENT OF BCCI'S SHARE), HE WOULD NOT PUT ANOTHER CENT INTO THE BANK, ZAYED WAS WRONG

B1

CONFIDENTIAL

CONFIDENTIAL

PAGE:1195

TO HAVE INJECTED SO MUCH CAPITAL - AT LEAST ONE OR TWO
BILLION DOLLARS - INTO BCCI IN THE LAST YEAR OR TWO TO
KEEP IT AFLOAT, AND HE SHOULD ESPECIALLY NOT THROW AWAY
MORE MONEY NOW THAT THE BRITISH AUTHORITIES HAVE
DESTROYED ANY POSSIBILITY OF AN ORDERLY DISSOLUTION OF
THE BANK. ZAYED MIGHT
STILL, AS A MATTER OF HONOR, BE WILLING TO PUT IN
ANOTHER BILLION DOLLARS OR SO TO SMOOTH OVER THE WORST
DAMAGES OF THE BANKS COLLAPSE, BUT HE FELT IT UNLIKELY
THAT EVEN ZAYED WOULD AGREE TO FORK OVER THE MUCH LARGER
SUMS PROBABLY NEEDED TO RECOMPENSE ALL THE BANKS'
DEPOSITORS. HAMBLEY

B1

ADMIN
BT

#1786

NNNN

CONFIDENTIAL